

SUMMARY STATEMENT

Union Bank v. North Idaho Resorts, LLC, Docket No. 42467

In an appeal from Bonner County, the Supreme Court affirmed the district court's judgment and awarded costs on appeal to Union Bank N.A. The case involved a dispute between Union Bank and North Idaho Resorts, LLC (NIR), as to lien superiority against property known as "Trestle Creek."

NIR argued the district court misconstrued Idaho Code section 45-801 and that the statute does not require the seller to be the owner of record. NIR further asserted that a remaining conditional purchase price constituted an unpaid and unsecured value on a vendor's lien. Finally, NIR argued that Union Bank knew NIR was still owed money under the contract and Union Bank did not qualify as a good faith encumbrancer.

The Supreme Court affirmed the district court's decision on one of its alternative grounds holding that Union Bank was entitled to rely on a recorded Partial Termination Agreement to qualify as a good faith encumbrancer pursuant to Idaho Code section 45-803 and place its mortgage higher than any vendor's lien NIR may have had. The Court went on to conclude that the original Partial Termination Agreement was binding on NIR since Union Bank's intervention as a good faith third party prevented any relation back to correct any errors in the original Partial Termination Agreement.